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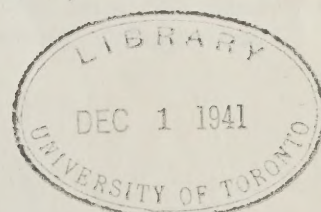
THE WARTIME PRICES AND TRADE BOARD

PUBLIC STATEMENT RESPECTING IMPORTS

November 25, 1941

The Wartime Prices and Trade Board issued today a general statement of policy regarding the application of the price ceiling to imported goods. The statement points out that uncontrollable increases in the prices of imported goods constitute the most difficult problem with which the Board and industry and trade will have to deal under the new policy. The Board is fully aware that private industry cannot be expected to shoulder the whole of the burden imposed by rising import prices. Through its Administrators the Board will work out, in co-operation with those concerned, the techniques which can most appropriately be adopted in different types of cases.

The purpose of the present statement is to assure industry that the Board attaches the greatest importance to the continued importation of essential supplies, and that it recognizes that private industry cannot be expected to import at a loss but that special provision will have to be made to ensure an equitable distribution of the burden imposed on the Canadian economy by rising import prices. Meanwhile, in view of the large number of enquiries, it seems desirable to issue this special announcement summarizing the general principles which will underlie the Board's policy regarding imported goods.





THE MOUNTAIN VIEW HOTEL

1000 10th St. N.W. WASHINGTON, D.C.

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Dear Sir:

I have the honor to acknowledge the receipt of your letter of the 10th inst. in relation to the above named hotel.

I am sorry to hear that you are not satisfied with the service rendered by the hotel. I am sure that we will endeavor to give you the best service possible in the future.

I am, Sir, very respectfully,
Yours truly,
J. M. [Signature]

"1. Maximum prices of goods to the general public as ultimate consumers are fixed. The only exception is fresh fruit and vegetables and greenhouse products as announced on November 24th.

2. As the Board stated in the preliminary statement of policy dated November 21st, whatever steps are necessary will be taken to indemnify importers for the war purposes against increased prices abroad. Details are now being worked out with the Department of Munitions and Supply and importers of goods for war purposes should go ahead with their plans on the basis of this assurance. The remainder of the present statement refers primarily to non-war imports.

3.- With respect to goods imported for civilian consumption, or for use in Canadian production of civilian goods, the Board's policy will be to recommend such measures as may be necessary to maintain the total volume of necessary goods without added cost to ultimate buyers of consumer's goods or to individual producers such as farmers and fishermen with respect to their purchases of equipment and supplies, and without undue burden on retail and wholesale distributors, manufacturers, and others taking part in the various stages between importation and final sale.

4. If there is a general rise of significant proportions in the cost of imported goods owing to price increases abroad, the Board will recommend to the Government appropriate reductions or abolition of general taxes and duties on imports, so that the consumer price-ceiling may be maintained without undue burden on importers, manufacturers and other producers.

5. However, apart from measures with respect to imports generally, special action will have to be taken with respect to individual commodities or groups of commodities. Some indication is given below of the methods that may be appropriate for different kinds of imports:

(a) Essential Raw Materials - These must be made available to industry at a price such that the maintenance of the consumer price-ceiling for the finished articles does not impose too great a burden on industry as a whole. Without giving an exhaustive list, cotton, wool, jute and other fibres, rubber, iron and steel, sugar, tea, coffee and vegetable oils may be mentioned as obvious examples. The Commodity Prices Stabilization Corporation will, after consultation with the industries concerned, take (or recommend to the appropriate authorities) such action with regard to these and similar products as may be found necessary. This may be by buying and selling the raw material in question, or by reductions in duties or taxes, or otherwise, as may seem most suitable in the circumstances.

(b) Fuels - Coal, ~~lignite~~, petroleum and its products. These form a somewhat similar category, although their use affects not one but all industries as well as the householder. Prices will be carefully watched by the Board so that it may be prepared to act promptly if necessary.

(c) Semi-finished goods - to be further manufactured or made up into finished articles in Canada. These are in a sense "raw materials" for the Canadian manufacturer who uses them. They differ from the commodities referred to under (a) and (b) however, because they are not generally quoted in standard grades and qualities and therefore cannot readily be made available to Canadian industry through the Commodity Price Stabilization Corporation at a fixed price consistent with the frozen retail price structure. Action will, no doubt, have to be taken with respect to some commodities in this group; in such cases, reduction in taxes on imports or subsidies, may be necessary.

(d) Immediate action will be taken to remove the ceiling on sales of imported machinery and equipment, such as that required for mining, manufacturing, construction and milling. This does not apply, that is, price increases are not permitted, in the case of sales of machinery, tools, implements, parts and similar equipment to farmers, fishermen, and other individuals requiring such production-goods in their personal trade or occupation. All goods in this category of a necessary character are, of course, entitled to the same consideration with respect to tax reductions or subsidies as goods in other categories.

(e) Finished goods imported for sale to the general public in Canada without further manufacture. The policy which the Board is prepared to recommend will depend in large part upon the nature of the goods. Where the imported consumer goods are of an essential type the Board will deal with them on the same basis as the semi-manufactured goods referred to in paragraph (c). The Board would not, however, feel justified in recommending that public funds should be used to subsidize the import of luxury goods.

6. In general, the Board desires to stress that it recognizes its duty to take such steps as may be necessary to maintain an adequate volume of imports. It is the duty of industry and trade to cooperate by carrying on as usual while the necessary adjustments are being worked out. At the same time the Board thinks it right to make clear at this stage that importers, manufacturers, wholesalers and retailers are expected to effect all possible economies themselves and share any immediate burden imposed by higher import prices. Only when the burden is so great as to be obviously unfair to these groups as a whole, with respect to any commodity, could the Board be justified in recommending special assistance by way of subsidies or reductions of taxes on importation.

7. The Board and its agents will deal promptly and sympathetically with the problems which arise. In the first instance, importers and others concerned should consult with the appropriate Administrators for assistance in making adjustments.

